

Hong Kong as a pro-business gateway to China

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OUTLINE

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- ❑ **ICT Industry Trend**
- ❑ **Promotion of DX With/After COVID-19**





Hong Kong



Guangzhou



Shenzhen

KDDI Business Overview

Business Overview – KDDI Hong Kong

- Est. in 1988 as 100% subsidiary of KDDI
- Transformed into a “one-stop” office creating firm that offers everything you need in office.



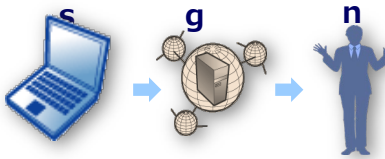

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**“To be a company that meets not only IT environment,
but also all sorts of customers’ needs”**

Business Overview – KDDI Hong Kong

“We would like to support Japanese firms with not only infrastructure business, but also setting up and expanding business in Hong Kong.”

| | | | |
|---|---|---|--|
| <p>1 International Network</p>  <p>Arrange international line from Japan Collaboration with HK ICT company</p> | <p>2 Data Center</p>  <p>Build DC with 3,500 racks and safely store customers' IT equipment</p> | <p>3 System Integration</p> <p>●Sale ●Settin ●Protectio</p>  <p>Support office IT environment of more than 100 companies</p> | <p>4 One Stop Office Service</p>  <p>15 yrs (with 100+ companies) experience: From office interior design to IT setting</p> |
|---|---|---|--|

Should you consider opening an office or a retail shop in Hong Kong, please feel free to contact us.

Business overview – KDDI Guangzhou (Guangzhou & Shenzhen)

- Building and maintaining LAN/WAN of office or factory
- Programming and building of Communication network security
- Application support of communication line
- Consultation of communication infrastructure, selection and purchase of equipment



KDDI Guangzhou (広州開訊通信技術有限公司)

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KDDI Group Offices in East Asia

Supporting customers by 500 staff at 11 companies in 18 cities





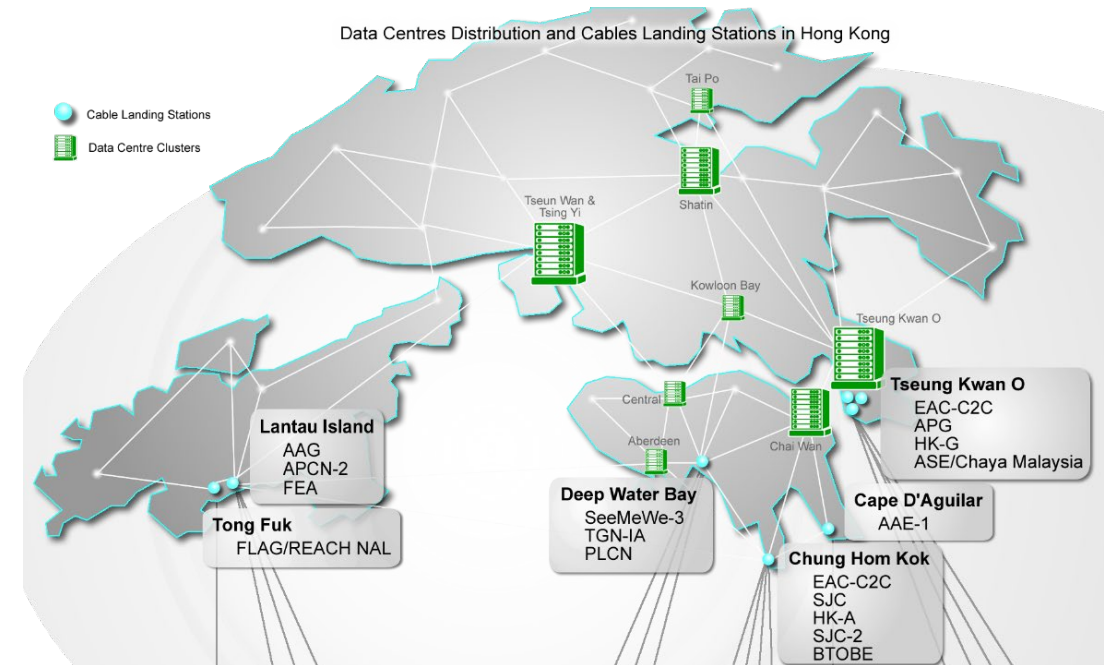
ICT Industry Trend

Hong Kong as a gateway to China

- Many global ICT carriers and IT operators have business presence in Hong Kong
- Giant cloud operators such as GAFA have data centers or business hub in Hong Kong
- 11 in-service submarine cable systems connecting Hong Kong, landed at eight submarine cable landing stations (CLS) in Hong Kong

Why Hong Kong attracts submarine cables?

- ❖ A large flow of internet communication traffic (Mainland China-Foreign traffic, S.E. Asia – U.S. traffic via Hong Kong)
- ❖ Low cost of data communication line within Hong Kong (Low cost as CLS and data centers are in close proximity.)
- ❖ Functionality as a communication hub



The IMD World Digital Competitiveness Ranking 2020

World ranking on digital competitiveness:
 Highly evaluated in knowledge, technology, future readiness
 Hong Kong is a world leading digital city

| 2020 | 2019 | Country · Region | |
|------|------|------------------|---|
| 1 | 1 | USA | → |
| 2 | 2 | Singapore | → |
| 3 | 4 | Denmark | ↑ |
| 4 | 3 | Sweden | ↓ |
| 5 | 8 | Hong Kong | ↑ |
| 6 | 5 | Switzerland | ↓ |
| 7 | 6 | Netherlands | ↓ |
| 8 | 10 | Korea | ↑ |
| 9 | 9 | Norway | → |
| 10 | 7 | Finland | ↓ |

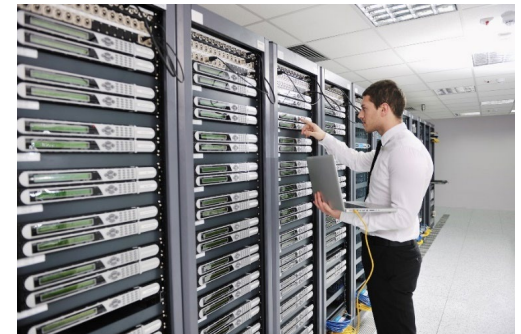
| 2020 | 2019 | Country · Region | |
|------|------|------------------|---|
| 11 | 13 | Taiwan | ↑ |
| 12 | 11 | Canada | ↓ |
| 13 | 15 | UK | ↑ |
| 14 | 12 | UAE | ↓ |
| 15 | 14 | Australia | ↓ |
| 16 | 22 | China | ↑ |
| 17 | 20 | Austria | ↑ |
| 18 | 17 | Germany | ↓ |
| 19 | 16 | Israel | ↓ |
| 20 | 19 | Ireland | ↓ |

| 2020 | 2019 | Country · Region | |
|------|------|------------------|---|
| 21 | 29 | Estonia | ↑ |
| 22 | 18 | New Zealand | ↓ |
| 23 | 27 | Iceland | ↑ |
| 24 | 24 | France | → |
| 25 | 25 | Belgium | → |
| 26 | 26 | Malaysia | → |
| 27 | 23 | Japan | ↓ |
| 28 | 21 | Luxenberg | ↓ |
| 29 | 30 | Lithuania | ↑ |
| 30 | 31 | Qatar | ↑ |

Source: The IMD World Digital Competitiveness Ranking 2020

Strong Government Support on Digitalization

- Hong Kong SAR Government have various support schemes for promoting **companies' digitalization** e.g. *D-Biz (2020) , *TVP, etc.
- **The Government supported land acquisition for data center, a hub for communication**
 - Give priority on the land usage for data centers
 - Support industrial building renovation for the use of data centers
- **Active promotion of 5G mobile communication**
 - 5 operators are currently offering 5G
 - Hong Kong's 5G coverage is 90%
 - USA – 60%
 - Japan – 90% (by end of 2021)



* D-Biz : The program supports SMEs affected by the pandemic by encouraging the adoption of IT solutions.

* TVP : To subsidize local entities on the use of technological services and solutions to improve productivity, or upgrade or transform their business processes.

Summary

Hong Kong:

- **continues to play a role as an ICT hub in GBA as well as a gateway to China**
- **is one of the leading city among the advanced nations for communication infrastructure including 5G**
- **is and will continue leading the world with the Government smart city promotion and ongoing digitalization**



Promotion of DX With/After COVID-19



The world is heading toward “Digital Supremacy”

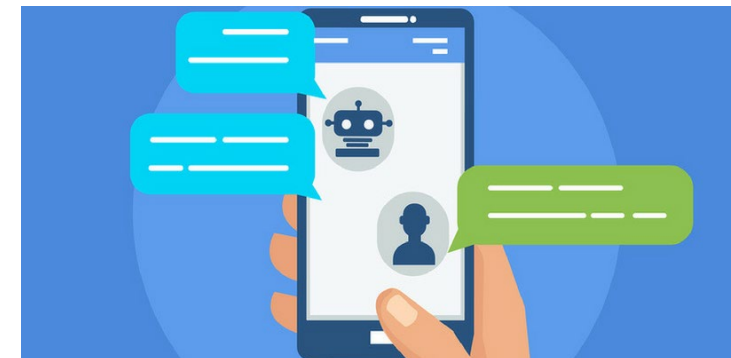
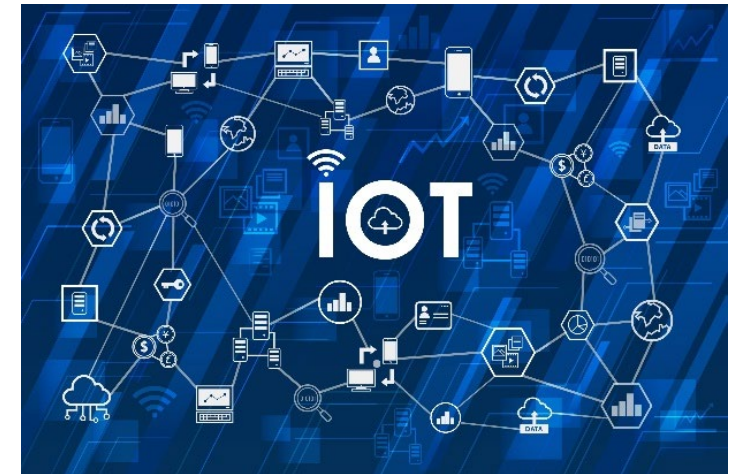
**Accelerated DX Investments Create Economic Gravity.
65% of Global GDP Digitalized by 2022, Driving Over \$6.8 Trillion
of Direct DX Investments from 2020 to 2023.**

Source: “IDC FutureScape: Worldwide Digital Transformation 2021 Predictions” (IDC #US46880818, Oct 2020)

Case study: Digitalization(DX) of Japanese companies in GBA

Under the COVID-19 pandemic, companies promote DX

- Remote Working
- Business Continuity Plan
- DX Promotion
 - Robotic Process Automation(RPA)
 - IoT (factory visualization)
 - Smart Glasses
 - Chatbot



With knowledge, experience and knowhow of the experts, the younger generation can work on-site with confidence

Under the pandemic, QC by the experts and dispatching engineers to the work site became difficult
⇒ Urgent needs arise to secure tools that can solve specific problems on-site

Smart glasses



Telepresence ?

Urgent on-site confirmation ?

Cutting travel time ?

Work-Life Balance ?

Nurture young talent remotely ?

Available for Various Applications



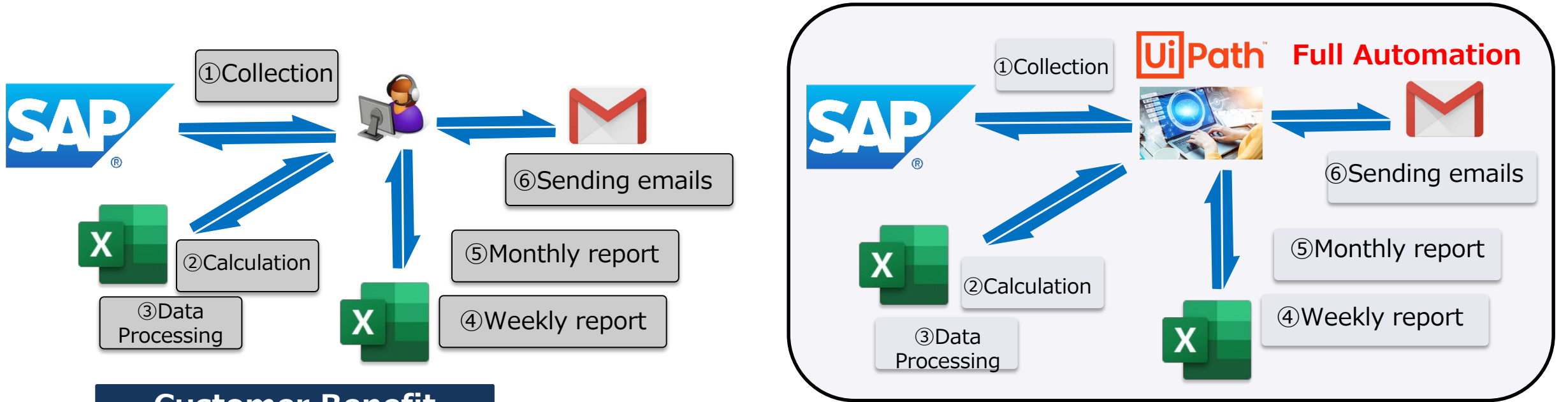
Compatible with many remote support applications



Realized Operational Efficiency by Implementing RPA and Promoting Simple Task Automation

RPA

Create weekly or monthly Excel reports based on sales data downloaded from SAP



Customer Benefit

**Cutting
55hrs/month**

**Employees can
shift to more
complicated tasks**

**No
mistakes**

**Standardization
of tasks**

**Work from home
(Remote execution)**



KDDI Hong Kong